

DE 98-124

NORTHERN UTILITIES, INC.

Gas Restructuring

**Order Approving Peaking Service Demand Charge
Subject to Reconciliation**

O R D E R N O. 23,861

December 7, 2001

I. BACKGROUND

In Order No. 23,652 (March 15, 2001), the New Hampshire Public Utilities Commission (Commission) approved a model tariff for natural gas delivery service (Model Delivery Tariff). In that order, the Commission determined the reasonableness of charging fees for certain services, including the Peaking Service Demand Charge. The Peaking Service Demand Charge appears in the Model Delivery Tariff.

On November 26, 2001, Northern Utilities, Inc. (Northern), a public utility engaged in the business of distributing natural gas in New Hampshire, filed with the Commission its proposed Peaking Service Demand Charge and supporting information along with Northern's tariff page, NHPUC No. 10 – Gas, First Revised Page 154 Superseding Original Page 154. Northern discovered it had inadvertently failed to file the Peaking Service Demand Charge earlier in the summer.

The First Revised Page 154, Schedule of Administrative Fees and Charges, is being submitted to include the Peaking Service Demand Charge of \$13.02 per Maximum Daily Peaking Quantity (MDPQ) per month for November 2001 through April 2002 pursuant to Section 14.3.1 of Part VII, Delivery Service Terms and Conditions. According to Section 14.3.1:

The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for the Peak Season. Such unit demand charge shall be equal to the total Capacity costs and other fixed costs associated with the Company's peaking resources, excluding costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company's total system Peak Day requirement.

Northern attached a confidential schedule showing the calculation of the \$13.02 per MMBtu Peaking Service Demand Charge and a Motion for Protective Order and Confidential Treatment of certain terms of agreements between Northern and its winter service wholesale suppliers that are referenced in the schedule. The Commission granted the request for protective treatment by Order No. 23,848 (November 29, 2001).

Commission Staff (Staff) has recently notified the Commission that it requires additional time to investigate the filing and supporting materials. Staff, therefore, recommended that the proposed tariff page be temporarily suspended and not go into effect until January 1, 2002.

II. COMMISSION ANALYSIS

This tariff is a component of the overall package of rates developed as part of the Model Delivery Tariff. Revenues from application of this tariff are credited to the Company's cost of gas (COG). Although we have questions about the development of the tariff, we will allow it to go into effect, subject to reconciliation, rather than suspend the proposed tariff. In this way, should the tariff be applied before Staff's review is completed, remaining customers will not lose the benefit of the COG credit. We anticipate our review of the tariff can be completed before January, 2002.

Based upon the foregoing, it is hereby

ORDERED, that the following tariff page of Northern is APPROVED: NHPUC No. 10 - Gas, First Revised Page 154 Superceding Original Page 154.

By order of the Public Utilities Commission of New
Hampshire this seventh day of December, 2001.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary